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CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

February 3, 2010

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://www.agecon.unl.edu/Cornhuskereconomics.html>

Trade Adjustment Assistance for Farmers Available 2010

Market Report	Yr Ago	4 Wks Ago	1/29/10
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	\$79.98	\$83.11	\$83.63
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . .	112.95	106.90	116.60
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . .	93.90	94.47	97.80
Choice Boxed Beef, 600-750 lb. Carcass.	145.47	139.06	141.40
Western Corn Belt Base Hog Price Carcass, Negotiated.	60.86	63.66	62.93
Feeder Pigs, National Direct 50 lbs, FOB.	62.06	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	57.49	67.76	71.32
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	88.62	*	*
National Carcass Lamb Cutout, FOB.	252.62	245.26	242.58
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	5.21	4.21	3.75
Corn, No. 2, Yellow Omaha, bu.	3.65	3.90	3.36
Soybeans, No. 1, Yellow Omaha, bu.	9.57	10.20	8.96
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	5.07	6.34	5.30
Oats, No. 2, Heavy Minneapolis, MN, bu.	2.08	2.72	2.28
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	87.50	87.50
Grass Hay, Large Rounds, Premium Nebraska, ton.	85.00	*	82.50
Dried Distillers Grains, 10% Moisture, Nebraska Average.	140.00	121.50	107.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	47.62	40.75	37.00
*No Market			

The American Recovery and Reinvestment Act (ARRA) of 2009 has re-authorized and modified the Trade Adjustment Assistance for Farmers program. The statute authorizes an appropriation of not more than \$90 million per year for the next three fiscal years. The TAA for Farmers program helps producers of raw agricultural commodities (farmers, ranchers or fishermen) who have experienced significant declines in price or production, adjust to the changing economic environment brought on by import competition. The program provides benefits to eligible producers in the form of educational assistance, as well as up to \$12,000 per producer in cash benefits to help create and implement business adjustment plans.

In order for the producer of a commodity to be certified as eligible to receive program benefits, the Administrator of the Foreign Agricultural Service (FAS) must determine the commodity has experienced a greater than 15 percent decline in at least one of the following:

- National average price, or
- Quantity of production, or
- Value of production, or
- Cash receipts

Determination is based on comparing data from the most recent marketing year to that of the average of the last three preceding marketing years. Further, it must be determined that an increase in imports has “importantly contributed” to those declines.

To obtain commodity certification three or more unrelated producers of a commodity or a duly authorized representative, such as a commodity organization, must submit a petition to the Administrator of the FAS. The petition should include: a description of the raw agricultural product; data on



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specific prices for the most recent marketing year; national average or regional average prices for the commodity for the three preceding marketing years; data on increases in imports of a directly competing commodity; and an assessment of the impact of increased imports on domestic prices, including any supporting evidence that imports have contributed importantly to the decline in domestic prices.

FAS makes the initial screening, and if the commodity meets basic requirements the petition is posted in the Federal Register. The petition data is evaluated by a United States Department of Agriculture (USDA) multi-agency team. FAS has forty days after posting in the Federal Register to make a determination of commodity eligibility. If the commodity is certified eligible, producers have 90 days to apply for TAA benefits at the Farm Service Agency (FSA) on form #229. The applicant must provide documentation that they:

- Produced the commodity in the most recent marketing year.
- Produced the commodity in at least one of the three preceding marketing years.
- Have experienced either
 - A decline in the quantity of the commodity produced in the current marketing year from the prior most recent years production, or
 - A decline in the price received for the commodity produced in the current marketing year from the average of the three preceding marketing years, or
 - A decline in the FSA posted price on the petition date from the average of the county posted price for the three prior marketing years.
- Have not had more than \$500,000 gross non-farm income for the year the petition was certified.
- Do not have an average adjusted gross farm income exceeding \$750,000.

Cash benefits to producers are based on the number of educational benefits completed by the producer. There are four phases of educational benefits, with a potential maximum total cash payment of \$12,000 per producer. Phase One is “Initial Technical Assistance.” Phase One consists of a single two to four hour workshop that addresses a TAA overview, a commodity outlook and a discussion on improving production, alternative marketing opportunities and evaluation of alternative enterprises. If completed, the producer is then eligible to proceed to Phase Two “Intensive Technical Assistance.” Phase Two consists of an in-depth series of workshops focused on improving profitability for

the commodity. Seven to eight workshops will be delivered. Participants choose to attend three to four workshops for a total of twelve hours. Upon completion of Phase Two, the producer is eligible to proceed to Phase Three “Initial Business Plan.” The producer will write an initial business plan that will demonstrate the skills gained by the producer and describe how the producer will apply those skills to their business. Upon completion and approval of the initial business plan the producer is eligible for up to \$4,000 cash benefit. Phase Four “Long-Term Business Adjustment Plan” provides a personal business consultant to work one-on-one with each participant to develop an in-depth, long-term business plan that will:

- Outline the steps the business will take to adjust economically to changing market conditions,
- Take into consideration the interests of the workers, and
- Demonstrate that the producers will have sufficient resources to implement their plan.

Upon completion and approval of the long-term business adjustment plan, the producer is eligible for up to \$8,000 cash benefit.

Market conditions in 2009 have shown significant declines for several commodities produced in Nebraska. There could be major commodities that are determined eligible for TAA benefits if producers or their commodity groups submit petitions. For more information check the TAA website at:

<http://www.TAAforFarmers.org>

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